# CASE TWIST · DETAILED SPEAKER SCRIPT

## Strategic Response to Dissident Investor Threat

### SMU/NAPE Energy Innovation Case Competition · Final Round

### Team: Anh Bui, Minh Nguyen, Cuong Nguyen

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**How to use this script:**

- Read out loud before presenting until it feels natural
- [Brackets] = stage directions · do NOT read aloud
- **Bold** = key points to emphasize
- Aim for ~15 minutes total: roughly 1-1.5 minutes per slide

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## SLIDE 1 · TITLE SLIDE

**Speaker: Anh Bui Time: ~30 seconds**

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**What to say:**

*"Good morning everyone. Thank you for having us.*
*My name is Anh Bui, and I'm joined today by Minh Nguyen and Cuong Nguyen.*
*In the next 15 minutes, we'll walk you through our strategic response to the Case Twist · a dissident investor threatening to take control of our company. We've analyzed the three strategic options given in the case, and we'll show you exactly why Option 3 · a Joint Venture with Amazon Web Services · is the clear winner.*
*We used Talen Energy, a real company, as our model. Talen executed this exact strategy and their stock went from $60 to $389 · a 6.5x increase. We'll show you how to do the same.*
*Let's begin."*

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**Transition:** *"First, let me explain the situation we're facing."*

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## SLIDE 2 · THE TWIST: DISSIDENT INVESTOR THREAT

**Speaker: Anh Bui Time: ~90 seconds**

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**Background you should understand (don't read this):**

- A "dissident investor" is also called an "activist shareholder." This is someone who buys a lot of stock in a company · not to support management, but to FORCE management to make changes.
- Right now, the dissident owns 9% of the company. That's about 4.05 million shares worth $1.8 billion.
- At 10% ownership (4.5 million shares), the dissident can legally call a "special shareholder meeting" to try to fire the CEO and replace the board.
- The dissident thinks management is too slow. They want FASTER value creation · bigger deals, higher stock price.

**What to say:**

*"Here's the situation we're facing.*
*A dissident investor · think of them as an aggressive shareholder who wants to force change · has quietly bought up **9% of our company**. That's about **4 million shares**, worth **$1.8 billion**.*
*Here's why that's dangerous: once they hit **10%**, they can call a special shareholder meeting. At that meeting, they can propose to **fire our CEO and replace the entire board of directors**. They only need to buy about 450,000 more shares to reach that trigger.*
*What does the dissident want? They think we're not moving fast enough. They want:*

- *Higher stock valuation · from 30x EV/EBITDA to 35 or 40x*
- *Faster free cash flow growth · beat our 30% per year target*
- *A bold strategic move that connects us to the AI and data center boom*

*In simple terms: they want us to do something big, do it fast, and make the stock go up. If we don't, they'll try to take over and do it themselves.*
*The case gives us three options to respond."*

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**Transition:** *"Let me briefly explain the three options before we analyze each one."*

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## SLIDE 3 · THE THREE STRATEGIC OPTIONS

**Speaker: Anh Bui Time: ~60 seconds**

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**What to say:**

*"The case twist gives us three paths:*
**Option 1 · Integrate Downstream** *Buy a data center company. We become both the maker of electricity AND the user of electricity. The idea is that data center companies trade at higher stock valuations · maybe 40 to 60 times earnings · so acquiring one might pull our multiple up.*
**Option 2 · Sell Upstream** *Get acquired by a big oil company like Shell or ExxonMobil. Our shareholders get an immediate cash premium · maybe 20 to 30% above the current stock price. But the company stops existing as an independent business.*
**Option 3 · Joint Venture / Partnership** *Partner with a hyperscaler like Amazon Web Services. We sign a long-term contract to supply them electricity from our nuclear plant, and we help them build a data center campus. We stay independent, but we get stable revenue and a higher stock valuation.*
*Now let me show you how we analyzed each option · and why one of them is clearly better than the others."*

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**Transition:** *"Before we dive in, let me show you the real-world example that proves our recommendation works."*

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## SLIDE 4 · REAL-WORLD PRECEDENT: TALEN ENERGY

**Speaker: Minh Nguyen Time: ~90 seconds**

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**Background you should understand:**

- Talen Energy is a real company traded on NASDAQ under ticker TLN.
- Talen is almost IDENTICAL to our case company: same type (IPP), same market (PJM), same fuel

mix (nuclear + gas + coal), same size (~13,000 MW).

- In March 2024, Talen sold a data center campus to Amazon Web Services for $650 million AND signed a long-term power purchase agreement to supply electricity from their nuclear plant.
- After that deal, Talen's stock went from about $60 per share to $389 per share · a 6.5x increase.
- One of the judges today, Darren Olagues, is the Chief Development Officer at Talen Energy. He worked on this exact deal.

**What to say:**

*"Thank you, Anh. Before I analyze each option, I want to show you the real-world proof that our recommendation works.*
*This is **Talen Energy**. They are a mid-sized IPP, based in PJM, with about 13,000 megawatts of capacity · including a 2,500 megawatt nuclear plant called Susquehanna. Sound familiar? That's almost exactly our case company.*
*Here's what Talen did: In March 2024, they sold a data center campus to **Amazon Web Services** for **$650 million**. At the same time, they signed a **20-year power purchase agreement** to supply nuclear electricity to that data center · at about $85 to $100 per megawatt-hour, compared to the $51 wholesale price.*
*What happened to their stock? It went from **$60 per share to $389 per share · 6.5 times increase** in less than two years. Their market cap went from $3 billion to $17.6 billion.*
*This is not a theory. This is what actually happened. And our company · with **2,200 MW of nuclear in PJM** · can do the exact same thing.*
*But here's the key insight: **Talen didn't stop at one deal**. After the initial sale, they kept acquiring more data centers to expand their AWS partnership. That proves this isn't a one-time event · it's a **compounding growth platform**.*
*Now let me walk you through each of the three options."*

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**Transition:** *"Let's start with Option 1 · acquiring a data center company."*

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## SLIDE 5 · OPTION 1: ACQUIRE A DATA CENTER COMPANY

**Speaker: Minh Nguyen Time: ~90 seconds**

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**Background you should understand:**

- Option 1 means we BUY a company that operates data centers. We become a "vertically integrated" company · we make the electricity AND we consume it.
- The problem: data center companies are EXTREMELY expensive right now. QTS sold for $10 billion. Cyrus One sold for $15 billion. CoreWeave is valued at $35 billion+.
- A $20 billion market cap company cannot easily buy a $10+ billion data center company. You need to borrow heavily and issue lots of new stock.
- That borrowing and stock issuance destroys shareholder value in the short term. "Dilution" means existing shareholders own a smaller percentage of the company.
- No IPP has ever successfully acquired a data center company. Talen BUILT one · that's different.

**What to say:**

*"Option 1 is to acquire a data center company.*
*The theory sounds good: data center companies trade at very high valuations · 20 to 25 times EBITDA. If we buy one, maybe our combined company trades at a higher multiple too.*
*But here's the problem: **data center companies are incredibly expensive**. In 2021, Blackstone bought QTS for $10 billion. KKR bought Cyrus One for $15 billion. CoreWeave is now valued at*

*$35 billion or more.*
*We are a $20 billion company. To buy a meaningful data center platform · say a $5 billion acquisition · we would need to:*

- *Borrow $2·3 billion more in debt, which would drop our credit rating from BB to B+*
- *Issue $1.5 billion in new stock, which **dilutes** existing shareholders by 20 to 30%*
- *Integrate two completely different businesses · power plants and data centers · with different skills, customers, and cultures*

*The financial result? After all the debt and dilution, our market cap would be **roughly flat** · around $20 billion. Our **FCF per share would actually go DOWN** in Year 1 and Year 2 because of integration costs.*
*And here's the biggest problem: **no IPP has ever successfully acquired a data center company**. Talen didn't buy one · they BUILT one. That's a completely different execution model.*
*The verdict: **Option 1 is high risk with uncertain reward**. It doesn't clearly create shareholder value."*

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**Transition:** *"Now let's look at Option 2 · selling the entire company."*

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## SLIDE 6 · OPTION 2: SELL TO SHELL OR EXXONMOBIL

**Speaker: Minh Nguyen Time: ~90 seconds**

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**Background you should understand:**

- Option 2 means a big oil company · Shell or ExxonMobil · buys our entire company. We stop existing as an independent business.
- In a sale, shareholders typically get a "premium" above the current stock price. For power company acquisitions, that premium is usually 20-30%.
- At a 25% premium, shareholders would get about $555 per share instead of $444 · that's $111 per share more, or about $5 billion total.
- BUT: shareholders then have to pay capital gains taxes on that gain. And they miss out on any future upside.
- Look at Talen · their stock went from $60 to $389. If Talen had sold at a 25% premium in 2023, shareholders would have gotten maybe $75 per share. Instead, they held and got $389. That's 5x MORE value by NOT selling.

**What to say:**

*"Option 2 is to sell the entire company to Shell or ExxonMobil.*
*This delivers immediate value. At a **20% premium**, shareholders get **$533 per share** instead of $444 · that's **$89 per share more**. At a **30% premium**, they get **$578 per share** · that's **$134 more**.*
*This sounds attractive. The dissident would definitely be satisfied · they get to cash out with a profit. And it eliminates all future risk.*
*But here's what shareholders would give up:*
*First, **capital gains taxes**. At a 20% tax rate, shareholders lose $18 to $27 per share immediately. Net gain after tax is only $71 to $107 per share.*
*Second · and this is the big one · **you forfeit all future upside**.*
*Look at Talen Energy again. In 2023, Talen's stock was around $60. If they had sold at a 25% premium, shareholders would have received maybe $75 per share. But because they didn't sell · because they executed the AWS partnership strategy · their stock is now **$389**. That's **5 times more** than the premium would have been.*
*Option 2 gives you a **small, certain gain today** in exchange for **massive, probable gains tomorrow**.*

*The verdict: **Option 2 is moderate reward, but strategic loss**. You get paid a premium to stop participating in the AI/data center opportunity."*

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**Transition:** *"Now let me show you Option 3 · the Talen model. This is our recommendation".*

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# SLIDE 7 · OPTION 3: JV WITH AMAZON WEB SERVICES

**Speaker: Cuong Nguyen Time: ~2 minutes**

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**Background you should understand:**

- Option 3 is EXACTLY what Talen Energy did. We partner with AWS · the world's largest cloud provider and the only hyperscaler that has already signed nuclear power deals.
- The deal has two parts:
    1. **Nuclear PPA (Power Purchase Agreement)**: We sell 1,500-2,000 MW of nuclear output to AWS at $90-100 per MWh · almost DOUBLE the current wholesale price of $51/MWh.
    2. **Data Center Campus**: We help AWS build a 100-200 MW data center on land next to our nuclear plant. We invest $200-400 million; AWS funds most of the construction. We sell or JV the completed campus for $750-900 million.
- The financial impact: the nuclear PPA alone adds $513 million per year in incremental revenue. That translates to about $6.67 per share in extra free cash flow.
- Current FCF/share is $10.20. After the PPA, it would be $16.87 in Year 1 · a 65% increase

**What to say:**

*"Thank you, Minh. Now let me present Option 3 · our recommendation.*
*This is the **Talen Energy playbook**, adapted for our company. We partner with **Amazon Web Services** · the largest cloud provider in the world and the **only hyperscaler** that has already signed a nuclear power purchase agreement.*
*The deal has two parts:*
**Part 1 · Nuclear Power Purchase Agreement**
*We negotiate a **20-year contract** to sell nuclear electricity to AWS at **$90 to $100 per megawatt-hour**. Remember, we currently sell power into the PJM market at an average of **$51 per MWh**. This PPA nearly **doubles our price**.*
*The math: 1,500 megawatts times 8,760 hours times 92% capacity factor times $95 per MWh equals **$1.15 billion per year** in nuclear revenue. Compare that to our current nuclear revenue at wholesale prices: about **$637 million per year**.*
*That's **$513 million per year in incremental revenue** · just from re-pricing our nuclear output.*
**Part 2 · Data Center Campus Development**
*We help AWS build a **100 to 200 megawatt** data center campus on land adjacent to our nuclear plant. We invest **$200 to $400 million**; AWS funds most of the construction. When it's complete, we sell or JV the campus for **$750 to $900 million** · the same thing Talen did with their $650 million Cumulus sale.*
*What's the financial impact?*
*The nuclear PPA alone adds **$513 million in revenue**, which translates to about **$6.67 per share** in additional free cash flow after taxes. Our current FCF per share is $10.20. After the PPA, it would be **$16.87 in Year 1** · that's a **65% increase**, FAR exceeding the 30% growth target the dissident demanded.*
*And the best part? **No dilution**. We're not issuing new stock. We're funding this with our $260 million cash on hand plus project-level debt. Existing shareholders keep 100% of their ownership."*

**Transition:** *"Now let me show you the complete financial picture over 5 years."*

## SLIDE 8 · OPTION 3 FINANCIAL IMPACT

**Speaker: Cuong Nguyen Time: ~90 seconds**

**Background you should understand:**

- Year 1: The PPA is signed. Nuclear revenue jumps from $637M to $1,150M. FCF/share goes from $10.20 to $16.87. Market cap re-rates from $20B to $30-35B as investors recognize the contracted revenue.
- Year 2: The data center campus sells for $750-900M. The company gets cash, the multiple keeps expanding.
- Year 5: EBITDA has grown substantially. At a 35x multiple, market cap reaches $45-55B. Share price reaches $1,000-1,200.
- Credit rating improves from BB to BB+ or BBB- because revenue is now contracted rather than volatile.

**What to say:**

*"Let me walk you through the full financial impact of Option 3 · year by year.*
**Year 1 · PPA Signed:**

- *Nuclear revenue jumps from **$637 million to $1.15 billion***
- *FCF per share increases from **$10.20 to $16.87** · that's **65% growth** in Year 1 alone*
- *The market recognizes the contracted revenue and re-rates our stock. Market cap goes from **$20 billion to $30-35 billion***
- *Share price: **$667 to $778***

**Year 2 · Campus Sale:**

- *Data center campus sells to AWS for **$750-900 million***
- *Multiple keeps expanding as we demonstrate execution*
- *Market cap reaches around **$38 billion***

**Year 5 · Full Platform Operational:**

- *Expansion phases are complete. We've added 300-500 MW of additional co-located capacity*
- *We've acquired additional data centers near our other power plants · just like Talen did*
- *At a **35x multiple**, market cap reaches **$45 to $55 billion***
- *Share price: **$1,000 to $1,200***

*Compare that to Option 2, where shareholders would have received $533 to $578 per share in a one-time sale. Option 3 delivers **twice the value** over 5 years · and shareholders **keep participating** in future growth.*
*Credit rating also improves. Contracted nuclear revenue is much more stable than volatile merchant power. We expect an upgrade from **BB to BB+ or BBB-** within 2-3 years."*

**Transition:** *"Now let me show you the data center acquisition strategy that makes this a compounding platform."*

# SLIDE 9 · PHASE 4: DATA CENTER ACQUISITION STRATEGY

**Speaker: Cuong Nguyen Time: ~75 seconds**

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**Background you should understand:**

- This is the key insight from Talen Energy. After the initial AWS deal, Talen didn't stop. They kept acquiring data centers to expand the partnership.
- Talen's subsidiary "Cumulus Growth" has been buying existing data centers near their power plants · at cheap prices, then connecting them to nuclear power, which makes them much more valuable.
- We propose the same strategy: acquire existing data centers near our gas and nuclear plants for $250-530 million over Years 3-7.
- The return: data centers bought at $30-80 million can be replatformed with nuclear/gas PPAs and become worth 3-5x more. That's $750M to $1.6B in value creation.

**What to say:**

> *"Here's what makes Option 3 even more powerful: it's not a one-time deal. It's a **compounding growth platform**.*
> *After Talen sold the Cumulus campus to AWS, they didn't stop. Through a subsidiary called **Cumulus Growth**, Talen has been **acquiring additional data centers** near their power plants. They buy existing facilities at relatively low prices, connect them to nuclear or gas power under long-term contracts, and **multiply their value**.*
> *We propose the same Phase 4 strategy:*
>
> - *Year 3: Acquire an existing data center within 50 miles of our nuclear plant · estimated cost **$30-80 million***
> - *Years 4-5: Acquire or develop a 200-400 MW data center campus near our gas fleet · cos**$150-300 million***
> - *Years 5-7: Acquire 3-5 smaller edge data centers in secondary PJM markets · cost **$50-100 million***
>
> *Total investment: **$250-530 million** over 5 years.*
> *The financial return? Data centers acquired at $30-80 million can be replatformed with our nuclear or carbon-capture gas and become worth **3 to 5 times more**. Conservative estimate: **$750 million in value creation**. Base case: **$1.6 billion in value creation**.*
> *This is exactly what Talen demonstrated: the initial deal unlocks value, but the **follow-on acquisitions compound that value** over time."*

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**Transition:** *"Now let me show you how all three options compare side by side."*

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# SLIDE 10 · COMPARATIVE ANALYSIS: ALL THREE OPTIONS

**Speaker: Minh Nguyen Time: ~90 seconds**

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**Background you should understand:**

- This is the "money slide" · the direct comparison that proves Option 3 wins.
- Option 1 (Acquire DC): Market cap stays flat at ~$20B, FCF/share goes DOWN in Year 1-2 due to dilution, execution risk is very high.
- Option 2 (Sell to Oil Major): Shareholders get immediate premium ($24-26B), but company stops existing. No future upside.
- Option 3 (JV/PPA): Market cap grows to $50B+ by Year 5, FCF/share increases 65% in Year 1, low

execution risk because Talen already proved it works.

**What to say:**

*"Let's put all three options side by side.*
**Year 1 FCF/Share:**

- *Option 1: **$8.50-9.20** · actually LOWER than today's $10.20 because of dilution*
- *Option 2: **$0** · the company is sold, no more earnings*
- *Option 3: **$16.87** · 65% growth, exceeding the dissident's demands*

**Year 5 Market Cap:**

- *Option 1: **$30 billion** · modest growth after heavy investment*
- *Option 2: **$24-26 billion** · paid out to shareholders in Year 1, no growth after that*
- *Option 3: **$45-55 billion** · 2 to 2.5x the current market cap*

**Execution Risk:**

- *Option 1: **HIGH** · no IPP has ever acquired a data center company*
- *Option 2: **MEDIUM** · regulatory approval takes 12-18 months, NRC license transfer risk*
- *Option 3: **LOW** · Talen already proved this works with the same partner (AWS)*

**Preserves Independence:**

- *Option 1: Yes*
- *Option 2: **No** · company is sold*
- *Option 3: Yes*

*The weighted decision score:*

- *Option 1: **2.45 out of 5***
- *Option 2: **2.15 out of 5***
- *Option 3: **4.80 out of 5***

*Option 3 wins on virtually every dimension."*

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**Transition:** *"Now let me show you why Option 3 dominates from an ESG perspective."*

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## SLIDE 11 · ESG & SUSTAINABILITY

**Speaker: Minh Nguyen Time: ~90 seconds**

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**Background you should understand:**

- ESG (Environmental, Social, Governance) matters because it affects which investors can buy our stock and what multiple we trade at.
- ESG funds manage over $40 trillion globally. If we score poorly on ESG, these funds cannot invest in us.
- Hyperscalers like AWS, Microsoft, and Google have aggressive sustainability targets. They will ONLY buy power from companies with strong ESG profiles.
- Option 2 (sell to oil major) would DESTROY our ESG value · oil majors are divested by ESG funds.
- Option 3 makes us the #1 ESG-aligned IPP in PJM. Nuclear = zero carbon. Gas with CCUS = near-zero carbon.
- The ESG scorecard compares all 3 options across 6 dimensions: Carbon Intensity, Regulatory Risk, Hyperscaler Alignment, SEC Climate Readiness, Community Impact, Long-Term Sustainability.

- Option 3 scores 5 out of 5 on virtually every dimension. Option 2 scores 1 out of 5 on most dimensions.
- ESG Value: This positioning is worth $2-4 billion over 5 years in higher multiples and premium PPA pricing.

**What to say:**

*"Let me show you why Option 3 is the clear ESG winner.*
*This ESG scorecard compares all three options across six key dimensions:*
**Carbon Intensity:**

- *Option 1: **3 out of 5** · adding a data center increases our energy consumption without reducing carbon*
- *Option 2: **1 out of 5** · an oil major owner makes our carbon story worse, not better*
- *Option 3: **5 out of 5** · nuclear is zero carbon, and CCUS on gas gives us near-zero blended emissions*

**Regulatory ESG Risk:**

- *Option 1: **2 out of 5** · higher execution risk, unclear ESG path*
- *Option 2: **1 out of 5** · FERC and DOJ will scrutinize an oil major buying nuclear assets*
- *Option 3: **4 out of 5** · front-of-meter PPA is low regulatory risk with Talen precedent*

**Hyperscaler Alignment:**

- *Option 1: **4 out of 5** · we have a DC, but no power advantage*
- *Option 2: **1 out of 5** · AWS, Microsoft, and Google may REFUSE to buy from an oil-major owned plant*
- *Option 3: **5 out of 5** · perfect alignment with hyperscaler 24/7 carbon-free energy goals*

**SEC Climate Disclosure Readiness, Community Impact, Long-Term Sustainability:**

- *Option 3 scores **5 out of 5** on all three. Options 1 and 2 score 2-3.*

*The bottom line: **Option 2 would DESTROY our ESG value.** If Shell or Exxon buys us, ESG funds holding $40+ trillion will divest. Our multiple collapses.*
*Option 3 does the opposite. We become the **#1 ESG-aligned IPP** in PJM. This positioning alone is worth **$2-4 billion in incremental value** over 5 years through higher multiples and premium PPA pricing."*

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**Transition:** *"Let me show you how we extend that ESG advantage with CCUS on our gas fleet."*

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## SLIDE 12 · RISK ASSESSMENT & SOLUTION: CCUS VALUE STACK

**Speaker: Cuong Nguyen Time: ~90 seconds**

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**Background you should understand:**

- CCUS = Carbon Capture, Utilization, and Storage. It captures CO2 from power plant exhaust before it enters the atmosphere.
- Our gas fleet is 6,500 MW · 50% of our total capacity · and produces the majority of our carbon emissions.
- Adding CCUS to gas plants creates a second value driver beyond the nuclear PPA.
- The CCUS Value Stack has three components:

- 45Q Tax Credit: $12.5/MWh (federal tax credit for capturing CO2)
- Carbon Cost Avoidance: $8.0/MWh (avoiding future carbon taxes)
- Premium PPA Pricing: $7.5/MWh (hyperscalers pay more for low-carbon power)
- TOTAL: $28/MWh additional value

- Combined Fleet Offering: Nuclear (2,200 MW, 0 CO2, 92% capacity factor) + Gas with CCUS (6,500 MW, ~72 lb CO2/MWh after 90% capture) = Blended ~15 lb CO2/MWh with 99.9% reliability
- NO OTHER IPP in PJM can offer this combination. This is our competitive moat.

**What to say:**

*"Option 3 isn't just about nuclear. We also strengthen our gas fleet with* ***Carbon Capture, Utilization, and Storage · CCUS.***
*Our gas fleet is 6,500 MW · half our capacity · and generates most of our carbon emissions. CCUS captures 90% of that CO2 before it reaches the atmosphere.*
*Here's the CCUS Value Stack · the additional revenue we capture per megawatt-hour:*
**Component 1: 45Q Tax Credit · $12.50 per MWh** *The federal government pays us $85 per ton of CO2 we capture and store. At 90% capture on gas, that's $12.50 per MWh of free money.*
**Component 2: Carbon Cost Avoidance · $8.00 per MWh** *Carbon taxes are coming. At $25 per ton, avoiding emissions saves us $8 per MWh versus competitors who don't have CCUS.*
**Component 3: Premium PPA Pricing · $7.50 per MWh** *Hyperscalers pay MORE for low-carbon power. They have sustainability mandates. We capture that premium.*
**TOTAL: $28 per MWh in additional value from CCUS.**
*Now look at our combined fleet offering:*
| Fleet Component | Capacity | Carbon Intensity | Availability |
|---|---|---|---| | Nuclear | 2,200 MW | 0 lb CO2/MWh | 92% capacity factor | | Gas with CCUS | 6,500 MW | ~72 lb CO2/MWh (90% capture) | Dispatchable | | **Combined** | **8,700 MW** | **~15 lb CO2/MWh blended** | **99.9% reliability** |
*No other IPP in PJM can offer this:* **24/7 near-zero carbon power at massive scale with 99.9% reliability.** This is our competitive moat."*

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**Transition:** *"Let me walk you through the regulatory landscape and how we navigate it."*

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## SLIDE 13 · NUCLEAR REGULATORY & RISK MANAGEMENT

**Speaker: Cuong Nguyen Time: ~90 seconds**

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**Background you should understand:**

- There are 4 regulatory bodies that matter: NRC, FERC, State PUC, and PJM RTO.
- NRC (Nuclear Regulatory Commission): Governs nuclear plant safety and licensing. For front-of-meter PPA, NO license change needed. For behind-the-meter, we need a license amendment, but Talen already got this approved.
- FERC (Federal Energy Regulatory Commission): Governs wholesale electricity markets. FERC is concerned about behind-the-meter reducing grid capacity. Our solution: front-of-meter PPA as primary path (no FERC approval needed), behind-the-meter as fallback. Talen's deal survived FERC review.
- State PUC: Governs siting permits. Nuclear sites already have industrial zoning. Pennsylvania PUC already approved Talen's campus. Low risk.
- PJM RTO: Regional grid operator. Concerned about capacity obligations if load moves behind the meter. Our solution: maintain front-of-meter to preserve capacity market revenue.

- The KEY insight: Front-of-meter PPA is our PRIMARY path. It requires NO regulatory approval because it's a standard bilateral wholesale contract. Behind-the-meter is a FALLBACK for extra value, not the base case.

**What to say:**

*"Let me walk through the regulatory landscape for Option 3. There are four bodies that matter. Here's our Nuclear Regulatory Risk Matrix:*
| Regulatory Body | Key Concern | Risk Level | Our Solution |
|---|---|---|---| | **NRC** | License amendment for data center co-location | **Low-Medium** | Front-of-meter PPA needs NO license change. Behind-the-meter has Talen precedent: approved. | | **FERC** | Behind-the-meter reduces grid capacity | **Medium** | Front-of-meter PPA is primary · no FERC approval needed. Behind-the-meter is fallback. Talen survived FERC review. | | **State PUC** | DC siting permits | **Low** | Nuclear sites already have industrial zoning. PA PUC approved Talen campus. | | **PJM RTO** | Capacity obligation reduction | **Medium** | Maintain front-of-meter to preserve capacity market revenue. Offer replacement capacity from gas fleet. |
*The KEY takeaway: our **primary path is front-of-meter PPA**. This is a standard bilateral wholesale contract · **no FERC approval, no NRC amendment, no regulatory delay.***
*Behind-the-meter is a **fallback that captures even MORE value** · but we don't need it for our base case. And remember: **Talen's behind-the-meter deal with AWS survived FERC review.** We have precedent.*
*Bottom line: regulatory risk is **MEDIUM overall, but highly manageable** because we build our base case on front-of-meter, which requires no approvals."*

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**Transition:** *"Now let me cover the remaining strategic risks and mitigations."*

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## SLIDE 14 · RISK ASSESSMENT & MITIGATION

**Speaker: Cuong Nguyen Time: ~90 seconds**

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**Background you should understand:**

- Every strategy has risks. Being transparent about risks shows maturity to the judges.
- Risk 1: What if AWS doesn't want to partner with us? Mitigation: run a competitive bidding process with Microsoft, Google, and Meta too. They all need nuclear power.
- Risk 2: What if FERC blocks the behind-the-meter arrangement? Mitigation: structure as front-of-meter PPA as the primary path. Behind-the-meter is a fallback for even more value, not the base case. Talen's deal survived FERC review.
- Risk 3: What if PPA pricing drops? Mitigation: even at $75/MWh (worst case), we still get $290M/year in incremental revenue · much better than merchant.
- Risk 4: What if the dissident doesn't wait? Mitigation: announce the strategy immediately. Offer the dissident a board seat. Show clear, measurable progress quarterly.

**What to say:**

*"Let me be transparent about the risks in Option 3 · and how we mitigate each one.*
**Risk 1: Hyperscaler negotiation fails · what if AWS says no?**
*Mitigation: We run a **competitive bidding process**. AWS isn't the only hyperscaler desperate for nuclear power. Microsoft already partnered with Constellation to restart Three Mile Island. Google is pursuing 24/7 carbon-free energy. Meta is in talks for nuclear PPAs. Multiple bidders drive price UP and reduce the chance any single negotiation fails. Probability of total failure: **LOW · about 20%***

**Risk 2: FERC blocks behind-the-meter arrangement**
*Mitigation: We structure our primary path as a **front-of-meter PPA**. That's a standard bilateral wholesale contract · no FERC approval needed. Behind-the-meter is a fallback that captures even MORE value, but it's not required. And remember: **Talen's deal survived FERC review**. We have precedent. Probability of blocking: **MEDIUM · about 30%**, but impact is low because we default to front-of-meter.*
**Risk 3: PPA pricing comes in below target**
*Mitigation: Even at **$75/MWh** · our worst case · we still capture **$290 million per year** in incremental revenue versus the $51 wholesale price. We build in a **floor price clause at $80/MWh** to protect downside. The current market is highly favorable because nuclear supply is scarce and hyperscaler demand is overwhelming.*
**Risk 4: Dissident escalates before deal closes**
*Mitigation: We **announce the strategy immediately** · within 30 days. We offer the dissident a **board seat** to participate in the transformation. We commit to **quarterly milestones** so progress is visible. The dissident wants value creation · this strategy delivers exactly that.*

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**Transition:** *"Let me now summarize our recommendation."*

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# SLIDE 15 · RECOMMENDATION: OPTION 3

**Speaker: Anh Bui Time: ~90 seconds**

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**What to say:**

*"Let me bring this all together. Our recommendation is **Option 3 · a Joint Venture and Nuclear Power Purchase Agreement with Amazon Web Services**.*
*Here's why this is the only right answer:*
**First · it delivers immediate, transformative FCF growth:** *FCF per share goes from $10.20 to $16.87 in Year 1 · that's **65% growth**, far exceeding the dissident's 30% target.*
**Second · it preserves company independence:** *Unlike Option 2, we remain a publicly traded company. Our management stays in control. Shareholders continue to participate in upside.*
**Third · it requires no equity dilution:** *Unlike Option 1, we're not issuing billions in new stock. Existing shareholders keep 100% of their ownership.*
**Fourth · it's proven by real-world precedent:** *Talen Energy executed this exact strategy with AWS. Their stock went from $60 to $389 · a 6.5x increase. One of the judges today, Darren Olagues, was directly involved in that deal.*
**Fifth · it creates a compounding growth platform:** *This isn't a one-time transaction. Like Talen, we will acquire additional data centers to deepen the AWS partnership over time. Each acquisition compounds value.*
**Sixth · it satisfies the dissident:** *The dissident wants bold action and clear value creation. A nuclear PPA with the world's largest cloud provider · at nearly double the market price · is exactly the kind of strategic repositioning they're demanding.*
*Our projected results:*

- *Year 1 market cap: **$30-35 billion** (up from $20B)*
- *Year 5 market cap: **$45-55 billion***
- *Year 5 share price: **$1,000-1,200***
- *Credit upgrade: **BB to BBB-***

*This transforms the dissident's threat into a catalyst for the **largest value creation opportunity in our company's history**."*

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**Transition:** *"Let me leave you with our one-liner for the judges."*

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## SLIDE 16 · CLOSING SUMMARY

**Speaker: Anh Bui Time: ~45 seconds**

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**What to say:**

> *"Here's our message to the judges and to any skeptical investor:*
> *'We recommend the Talen Energy playbook · a Joint Venture and nuclear PPA with Amazon Web Services · because it is the* ***only option*** *that simultaneously:*
>
> - *Delivers* ***+65% FCF/share growth in Year 1***
> - *Drives our multiple from* ***30x to 35-40x***
> - *Preserves company* ***independence***
> - *Requires* ***zero equity dilution***
> - *Creates a* ***repeatable, compounding growth platform***
>
> *'Like Talen, we will not stop at the initial deal. We will acquire additional data centers to deepen the AWS partnership and compound value over time.*
> *'This strategy transforms the dissident's threat into the largest value creation opportunity in our company's history.'*
> *Thank you very much for your time. We're happy to take questions."*

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## APPENDIX: Q&A CHEAT SHEET

Use these quick answers to respond to likely judge questions:

| Question | Quick Answer |
|---|---|
| **Why AWS specifically?** | AWS is the ONLY hyperscaler with a proven nuclear PPA track record (Talen deal). They have the largest data center pipeline (35+ GW). They're already proven to work with IPPs like ours. |
| **What if AWS says no?** | We run a competitive bidding process with Microsoft, Google, and Meta. Microsoft already did the TMI restart deal with Constellation. All hyperscalers need 24/7 carbon-free power. |
| **What about FERC risk?** | We structure as front-of-meter PPA (no FERC approval needed). Behind-the-meter is a fallback for extra value. Talen's deal survived FERC review. |
| **Why not just sell to Exxon for quick cash?** | A 25% premium = $555/share. But Talen shareholders who held got $389 vs the ~$75 they would have gotten from an early sale. Option 3 delivers 2x the value with less risk. |
| **Is the $95/MWh PPA realistic?** | Yes. Talen got $85-100/MWh. Constellation-Microsoft TMI is similar. Nuclear is scarce, hyperscaler demand is overwhelming. We have pricing power. |
| **What's the execution timeline?** | Month 0: Announce negotiations. Months 1-3: Sign PPA. Months 3-12: Develop campus. Month 12-18: Sell/JV campus. Years 2-5: Expansion phases. Years 3-7: DC acquisitions. |
| **How does this satisfy the dissident?** | 65% FCF growth in Year 1 vs their 30% target. Clear strategic direction. Multiple expansion from 30x to 35-40x. We offer them a board seat to participate. |
| **Who is Talen Energy and why do they matter?** | Talen is a real PJM-focused IPP with 13,000 MW including 2,500 MW nuclear · almost identical to our case company. Their AWS deal is the EXACT playbook we're recommending. Judge Darren Olagues is their Chief Development Officer. |
| **What if nuclear has a long outage?** | Nuclear CF is 92%. Our plant is a dual-unit with redundancy. PPA includes force majeure clauses. But even so, our gas fleet can provide backup under the same co-location model. |
| **How do you finance the campus?** | $260M cash on hand + $150M project-level debt. AWS funds most of the construction. No equity dilution required. |

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## KEY NUMBERS TO MEMORIZE

| Metric | Current | After Option 3 (Year 1) | After Option 3 (Year 5) |
|---|---|---|---|
| FCF/Share | $10.20 | $16.87 | $40+ |
| Market Cap | $20B | $30-35B | $45-55B |
| Share Price | $444 | $667-778 | $1,000-1,200 |
| Nuclear Revenue | $637M | $1,150M | $1,270M |
| EV/EBITDA | 30x | 32x | 35x |
| Credit Rating | BB | BB | BB+/BBB- |

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## TALEN ENERGY COMPARISON (KEY PROOF POINT)

| Metric | Talen Energy (Real) | Our Company (Case) |
|---|---|---|
| Type | Pure-play IPP | Pure-play IPP |
| Market | PJM | PJM |
| Total Capacity | 13,100 MW | 13,000 MW |
| Nuclear Capacity | 2,500 MW (Susquehanna) | 2,200 MW |
| Fuel Mix | Nuclear, gas, coal | Nuclear, gas, coal |
| Pre-Deal Market Cap | ~$3B | $20B |
| Post-Deal Market Cap | $17.6B (6x) | $45-55B (2-3x) projected |
| Strategy | AWS JV + PPA + DC acquisitions | Same |

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*Speaker Script prepared for the 2026 SMU/NAPE Energy Innovation Case Competition · Final Round · Speakers: Anh Bui (Slides 1-3, 15-16) | Minh Nguyen (Slides 4-6, 10-11) | Cuong Nguyen (Slides 7-9, 12-14)*